

# **NOKENG TSA TAEMANE MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 28, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

**M R MOGALE**  
**MUNICIPAL MANAGER**

**DATE**

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**NOKENG TSA TAEMANE MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007**

	<b>Note</b>	<b>2007 R</b>	<b>2006 R</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>98 156 174</b>	<b>66 883 660</b>
Government Grant Reserve		12 834 895	-
Donations and Public Contribution Reserve		15 384 355	15 914 850
Capital Replacement Reserve		3 064 125	
Accumulated surplus		66 872 798	50 968 810
<b>Non-current liabilities</b>			
Interest bearing borrowings	2	<b>5 185 304</b>	<b>4 076 816</b>
<b>Current liabilities</b>		<b>29 229 881</b>	<b>34 438 751</b>
Provisions	3	3 092 943	2 234 433
Consumer deposits	4	2 423 566	2 178 117
Creditors	5	19 212 426	19 362 619
Unspent conditional grants and receipts	6	3 748 001	7 553 555
Current portion of interest bearing borrowings	2	752 945	3 110 027
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b><u>132 571 358</u></b>	<b><u>105 399 227</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>86 152 957</b>	<b>69 992 943</b>
Property, plant and equipment	7	86 122 739	69 962 725
Loans and receivables	8	30 218	30 218
<b>Current assets</b>		<b>46 418 401</b>	<b>35 406 284</b>
Consumer debtors	9	39 710 776	20 277 785
Other debtors	10	2 288 094	2 894 004
Call Investment deposits	11	2 270 319	9 750 000
Bank balance and cash	12	2 149 212	2 484 495
<b>TOTAL ASSETS</b>		<b><u>132 571 358</u></b>	<b><u>105 399 227</u></b>

**NOKENG TSA TAEMANE MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007**

	<b>Note</b>	<b>2007 R</b>	<b>2006 R</b>
<b>REVENUE</b>			
Property rates	13	20 559 983	15 183 789
Property rates - penalties imposed and collection charges		1 900 644	1 586 109
Service charges	14	41 643 570	32 419 542
Rental of facilities and equipment		225 794	210 788
Interest earned - external investments		686 264	795 024
Interest earned - outstanding debtors		6 249 590	3 621 320
Fines		8 091 881	12 766 137
Licences and permits		3 722 074	4 410 582
Government grants and subsidies	15	13 769 963	9 899 923
Other income		18 262 674	1 719 306
<b>Total Revenue</b>		<b>115 112 437</b>	<b>82 612 520</b>
<b>EXPENDITURE</b>			
Employee related costs	16	31 445 221	24 948 236
Remuneration of councillors	17	2 072 888	1 221 958
Depreciation		3 678 754	737 548
Repairs & Maintenance		3 690 716	3 484 696
Interest paid	18	902 537	386 346
Bulk purchases	19	13 546 287	9 019 621
General expenses		26 472 512	32 301 484
<b>Total Expenditure</b>		<b>81 808 915</b>	<b>72 099 889</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>33 303 522</b>	<b>10 512 631</b>

Refer to Appendix E(1) for the comparison with the approved budget

**NOKENG TSA TAEMANE MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007**

	<u>Pre GAMAP Old Reserves and Funds</u>	<u>Capital Replacement Reserve</u>	<u>Donations and Public Contributions Reserve</u>	<u>Government Grant Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R
<b>2006</b>						
Balance at 1 July 2005	7 230 845				9 916 412	17 147 257
Implementation of GAMAP (note )	(7 230 845)		15 914 850		(2 987 817)	5 696 188
Fair Value Adjustment of fixed assets					33 527 584	33 527 584
Restated balance	-	-	15 914 850	-	40 456 179	56 371 029
Net surplus for the year					10 512 631	10 512 631
Capital grants used to PPE						
Donated/contributed PPE						
Asset disposals						
Offsetting of Depreciation						
<b>Balance at 30 June 2006</b>	<b>-</b>	<b>-</b>	<b>15 914 850</b>	<b>-</b>	<b>50 968 810</b>	<b>66 883 660</b>
<b>2007</b>						
Correction of error						-
Restated balance	-	-	15 914 850	-	50 968 810	66 883 660
Net surplus for the year					33 303 522	33 303 522
Adjustments					(2 031 008)	
Transfers to CRR		3 064 125			(3 064 125)	-
Capital grants used to PPE				13 435 885	(13 435 885)	-
Donated/contributed PPE						-
Offsetting of Depreciation			( 530 495)	( 600 990)	1 131 485	-
<b>Balance at 30 June 2007</b>	<b>-</b>	<b>3 064 125</b>	<b>15 384 355</b>	<b>12 834 895</b>	<b>66 872 798</b>	<b>100 187 182</b>

**NOKENG TSA TAEMANE MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007**

**NOKENG TSA TAEMANE MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	<b>Note</b>	<b>2007 R</b>	<b>2006 R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other			
Cash paid to suppliers and employees			
Cash generated from operations	<b>22</b>	<u>21 638 918</u>	<u>37 825 291</u>
Interest received		686 264	795 024
Interest paid		( 902 537)	( 386 346)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u><b>21 422 645</b></u>	<u><b>38 233 969</b></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(19 838 768)	(36 976 929)
Decrease in loans and receivables			( 30 218)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u><b>(19 838 768)</b></u>	<u><b>(37 007 147)</b></u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(1 248 594)	(4 076 816)
Increase in consumer deposits			
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u><b>(1 248 594)</b></u>	<u><b>(4 076 816)</b></u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>335 283</b>	<b>(2 849 994)</b>
Cash and cash equivalents at the beginning of the year		(2 484 495)	365 499
Cash and cash equivalents at the end of the year	<b>23</b>	<u>2 149 212</u>	<u>2 484 495</u>

**NOKENG TSA TAEMANE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**1 SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarised as follows: -

GRAP 01	Presentation of financial statements
GRAP 02	Cash flow statements
GRAP 03	estimates and errors
GAMAP 04	The effects of changes in foreign exchange rates
GAMAP 06	for controlled entities
GAMAP 07	Accounting for investments in associates
GAMAP 08	Financial reporting of interests in joint ventures
GAMAP 09	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007, exempted compliance with certain of the above mentioned standards and aspects or part of these standards. Details of the exemption applicable to the municipality have been provided in the notes to the annual financial statements.

GAMAP, GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 21.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis

**1.4 OFFSETTING**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.



**NOKENG TSA TAEMANE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**1.5 RESERVES**

*1.5.1 Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

*1.5.2 Government Grant Reserve*

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

*1.5.4 Donations and Public Contributions Reserve*

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

**1.6 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

**NOKENG TSA TAEMANE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**1.6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after deducting the residual value of the assets from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. The annual depreciation rates are based on the following estimated asset lives:-

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads and Paving	10 -15	Buildings	30
Electricity	20	Specialist vehicles	
Water	20	Other vehicles	5
Sewerage	20	Office equipment	3
Landfill sites		Furniture and fittings	5
<u>Community</u>	<u>Years</u>	Bins and containers	5
Buildings	30	Specialised plant and equipment	10
Recreational Facilities	30		
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

*Accounting Policy for the 2005/06 financial year*

The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed at financial year end.

No property was classified and disclosed as investment property. Land and buildings were recognised as items of property, plant and equipment.

*Accounting Policy for the 2006/07 financial year*

In terms of the exemptions granted by the Minister of Finance no review of useful life of items of PPE or the depreciation method applied to PPE was done as is required by GAMAP 17. No impairment testing was done for non-cash generating assets as well as cash generating assets due to the application of an exemption of IAS 36/AC 128 granted in Gazette 30013.

The municipality is exempt from IAS 40 (AC 135) as it has not recognised any property as investment property but as property, plant and equipment in terms of GAMAP 17. It only recognises its investment property where it is certain that it meets the definition of investment property.

**1.7 INVESTMENTS**

**Financial Instruments**

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

**NOKENG TSA TAEMANE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**1.7 INVESTMENTS (Continued)**

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

*Accounting Policy for the 2005/06 financial year*

No impairment testing of assets is done to determine impairment losses that should be recognised as an expense in the period that the impairment is identified.

*Accounting Policy for the 2006/07 financial year*

The municipality did not test for impairment of assets as it is exempted from IAS 36 (AC128) entirely.

**1.8 INVENTORIES**

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

The municipality is exempt from recognising an immovable capital assets as inventory in terms of GAMAP 12 if it has recognised immovable capital assets as property, plant and equipment in terms of GAMAP 17 and has not satisfied itself that the item is in actual fact inventory.

The municipality is exempt from recognising and disclosing self-purified water stock on hand at the end of the financial year as inventory in terms of GAMAP 12.

**1.9 ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

**1.10 LEASES**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

*Accounting Policy for the 2005/06 financial year*

Operating lease payments are recognised on the basis of the cash flows in the lease agreement.

*Accounting Policy for the 2006/07 financial year*

The municipality is exempt from recognising operating lease payments on a straight line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17).

**NOKENG TSA TAEMANE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**1.11 TRADE AND OTHER PAYABLES**

Trade and other payables are stated at their nominal value.

**1.12 REVENUE RECOGNITION**

*1.12.1 Revenue from Exchange Transactions*

***Rendering of services (for example licence fees, permits, electricity, sewerage and water connections)***

Revenue arising from the rendering of services and the application of the approved tariff of charges is recognised by reference to the percentage of completion as at the reporting date. Where the percentage of completion cannot be measured reliably, revenue from the rendering of services and the application of the approved tariff of charges is recognised to the extent of expenses are recoverable.

***Sale of goods***

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

***Service charges***

Service charges relating to electricity and water are based on consumption metered and an estimate of consumption between the latest meter reading date and the reporting date.

In respect of consumption metered, meters are read on a monthly basis and are recognised as revenue when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Operating lease revenue is recognised on a straight-line basis over the lease term.

***Interest***

Interest is recognised on a time proportion basis.

***Other grants and donations***

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

**NOKENG TSA TAEMANE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**1.12 REVENUE RECOGNITION**

*1.12.2 Revenue from non-exchange transactions*

***Rates (including collection charges and penalty interest)***

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

***Fines***

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected..

***Other***

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

*Accounting Policy for the 2005/06 financial year*

No initial measurement of fair value by discounting all future receipts using an imputed rate of interest is done. Revenue from the sale of goods and services are recognised at its face value/cost.

*Accounting Policy for the 2006/07 financial year*

The municipality is exempted from paragraph 12 of GAMAP 9 in initial measurement of fair value of revenue by discounting all future receipts using an imputed rate of interest. The initial recognition at fair value in accordance with GAMAP 9 and IAS 29/AC 133 is exempted. The municipality recognised revenue from the sale of goods and services at its face value. Any payables from the purchase of goods and services are also recognised at face value/cost.

**1.13 BORROWING COSTS (EXPENSED)**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

**1.14 PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

**1.15 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

**NOKENG TSA TAEMANE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**1.16 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

**1.17 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

**1.18 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.19 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.20 FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

**1.21 COMPARATIVE INFORMATION**

*1.21.1 Current year comparatives:*

Budgeted amounts have been included in the annual financial statements for the current financial year only.

*1.21.2 Prior year comparatives:*

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

# NOKENG TSA TAEMENE MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
<b>2 INTEREST BEARING BORROWINGS</b>		
Annuity loans	4 140 283	2 944 814
Eskom	-	3 796 666
Other loans	1 801 087	445 363
Balance Adjustments	( 3 121)	-
	<b>5 938 249</b>	<b>7 186 843</b>
Less: current portion transferred to current liabilities	752 945	3 110 027
Annuity loans	366 855	465 079
Eskom	-	2 644 948
Other loans	386 089	
<b>Total Interest Bearing Borrowings</b>	<b>5 185 304</b>	<b>4 076 816</b>
Refer to Appendix A for more detail on long-term liabilities		
<b>3 PROVISIONS - CURRENT</b>		
Performance Bonus	389 046	-
Staff Leave	2 703 897	2 234 433
<b>Total Provisions</b>	<b>3 092 943</b>	<b>2 234 433</b>
The movement is reconciled as follows:		
Balance at beginning of year	2 234 433	865 709
Contributions to provision	1 803 260	2 073 721
Expenditure incurred	( 944 750)	( 704 997)
<b>Balance at year end</b>	<b>3 092 943</b>	<b>2 234 433</b>
Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date and no present obligations exist.		
The municipality provides employees with annual leave and provision was made for total leave owing to officials at reporting date.		
<b>4 CONSUMER DEPOSITS</b>		
Electricity and water	<b>2 423 566</b>	<b>2 178 117</b>
No guarantees are held in respect of consumer deposits		
<b>5 TRADE AND OTHER PAYABLES</b>		
Trade creditors	-	5 660 969
Other creditors	10 433 292	4 445 081
VAT	4 369 720	5 672 327
Payments received in advance	4 409 414	3 584 242
	<b>19 212 426</b>	<b>19 362 619</b>
VAT is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS.		

**NOKENG TSA TAEMENE MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
<b>6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Conditional Grants from other spheres of Government</b>		
Transformation Grant	252 865	187 000
Municipal Support Grant	41 217	508 015
Environmental Grant	(58 984)	31 016
Finance Management Grant	409 951	409 951
Community facilities Grant	217 460	217 460
DWAF grants	809 418	987 911
Municipal Systems Improvement Grant	10 000	165 000
Housing grants	451 576	(866 702)
Sport, Arts and Culture Grant	456 992	456 992
Metsweding grant	639 674	912 265
Local Government grant	(1 502 157)	1 356 293
Municipal Infrastructure grant	2 345 078	3 188 354
Library Grant Reading programme	20 000	-
Library Computer Grant	18 800	-
Valuation roll	(363 888)	-
<b>Total Conditional Grants and Receipts</b>	<b><u>3 748 001</u></b>	<b><u>7 553 555</u></b>

See note 15 for reconciliation of grants from other spheres of government.

**8 LOANS AND RECEIVABLES**

Deposit - suppliers	<b><u>30 218</u></b>	<b><u>30 218</u></b>
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These are deposits held for rental of property and credit granted by supplier.

**9 CONSUMER DEBTORS**

	<b>Gross Balances</b>	<b>Provision for bad debts</b>	<b>Net Balances</b>
<b>As at 30 June 2007</b>			
Service debtors	55 131 509	44 582 046	10 549 463
Rates	18 425 207	13 338 419	5 086 788
Water	22 293 809	19 127 653	3 166 156
Electricity	8 803 999	7 277 863	1 526 136
Sewerage	5 608 494	4 838 111	770 383
Other (specify)	29 161 313	-	29 161 313
<b>Total</b>	<b><u>84 292 822</u></b>	<b><u>44 582 046</u></b>	<b><u>39 710 776</u></b>
<b>As at 30 June 2006</b>			
Service debtors			
Rates			
Water			
Electricity			
Sewerage			



# NOKENG TSA TAEMENE MUNICIPALITY

Other (specify)

Total	<u>64 884 437</u>	<u>(44 606 652)</u>	<u>20 277 785</u>
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### Reconciliation of bad debt provision

Balance at beginning of year	44 606 652	11 452 459
Contributions to provision	-	33 266 002
Bad debts written off against provision	(24 606)	(111 809)
<b>Balance at year end</b>	<b><u>44 582 046</u></b>	<b><u>44 606 652</u></b>

### 10 OTHER DEBTORS

Other	<u>2 288 094</u>	<u>2 894 004</u>
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### 11 CALL INVESTMENT DEPOSITS

Short term deposits	<u>2 270 319</u>	<u>9 750 000</u>
---------------------	------------------	------------------

No investments were pledged as security for funding granted to the municipality.

### 12 BANK, CASH AND OVEREDRAFT BALANCES

The municipality has the following bank account:

#### Current Account (Primary Bank Account)

ABSA Bank - Bronkhorspruit branch  
Account number - 0800000076

Cash book balance at beginning of year	2 480 417	365 399
Cash book balance at end of year	<u>2 141 342</u>	<u>2 480 417</u>
Bank statement balance at beginning of year	4 806 017	2 428 885
Bank statement balance at end of year	<u>5 096 409</u>	<u>4 806 017</u>
Petty cash	<u>7 870</u>	<u>4 078</u>
<b>Total Balance</b>	<b><u>2 149 212</u></b>	<b><u>2 484 495</u></b>

### 13 PROPERTY RATES

#### Actual

Residential & commercial	20 559 983	12 473 289
State		2 710 500
<b>Total assessment rates</b>	<b><u>20 559 983</u></b>	<b><u>15 183 789</u></b>

#### Valuations

Residential  
Commercial  
State  
**Total property valuations**

# NOKENG TSA TAEMENE MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 13 PROPERTY RATES (Continued)

Valuations on land and building are performed every four years. The last valuation came into effect on 1 July 2003. Interim valuations are processed on a regular basis to take into account changes in individual property values due to subdivisions and alterations. A general rate of 8.86c/R. (2006: 8.84c/R) is applied to property valuations to determine assessment rates. Rates are levied on an annual basis on property owners. Interest at prime plus two percent per annum (2006: interest at prime plus two percent) is levied on outstanding rates.

### 14 SERVICE CHARGES

Sale of electricity	16 569 400	13 866 358
Sale of water	17 284 682	12 149 192
Refuse removal	3 897 079	3 858 452
Sewerage and sanitation charges	3 892 409	2 545 540
<b>Total Service Charges</b>	<b>41 643 570</b>	<b>32 419 542</b>

### 15 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	12 035 832	9 899 923
Municipal Infrastructure Grant		
Transitional Grant		
Municipal Systems Improvement Grant		
Finance Management Grant	500 000	
Health Subsidy	1 234 131	
<b>Total Government Grants and Subsidies</b>	<b>13 769 963</b>	<b>9 899 923</b>

#### 15.1 Equitable share

In terms of the Constitution, the grant is used to subsidise the provision of free basic services to indigent community members.

#### 15.2 Transitional grant

Balance unspent at beginning of year	187 000	187 000
Current year receipts	65 865	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<b>252 865</b>	<b>187 000</b>

The grant was utilised to purchase furniture for the municipality.

#### 15.3 Municipal Support Grant

Balance unspent at beginning of year	508 015	508 015
Current year receipts	-	-
Conditions met - transferred to income	( 466 798)	-
Conditions still to be met - transferred to liabilities	<b>41 217</b>	<b>508 015</b>

## NOKENG TSA TAEMENE MUNICIPALITY

The grant was used to provide institutional support. There were no delay or withholding of the grant.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### 15.4 Environmental Grant

Balance unspent at beginning of year	31 016	31 016
Current year receipts	-	-
Conditions met - transferred to income	( 90 000)	-
Conditions still to be met - transferred to liabilities	<u>( 58 984)</u>	<u>31 016</u>

#### 15.5 Finance Management Grant

Balance unspent at beginning of year	409 951	409 951
Current year receipts	500 000	-
Conditions met - transferred to income	( 500 000)	-
Conditions still to be met - transferred to liabilities	<u>409 951</u>	<u>409 951</u>

The grant was utilised for the appointment of the financial interns and assist with the implementation of the MFMA. The conditions of the grant were met. No funds have been withheld.

#### 15.6 Community Facilities Grant

Balance unspent at beginning of year	217 460	217 460
Current year receipts	-	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>217 460</u>	<u>217 460</u>

The grant was used to upgrade community facilities. The conditions of the grant were met. There were no delay or withholding of the grant.

#### 15.7 DWAF grants

Balance unspent at beginning of year	987 911	987 911
Current year receipts	-	-
Conditions met - transferred to income	( 178 493)	-
Conditions still to be met - transferred to liabilities	<u>809 418</u>	<u>987 911</u>

The grant was used for various water projects. The conditions of the grant were met. There were no delay or withholding of the grant.

#### 15.8 Municipal Systems Improvement Grant

Balance unspent at beginning of year	165 000	165 000
Current year receipts	-	-
Conditions met - transferred to income	( 155 000)	-
Conditions still to be met - transferred to liabilities	<u>10 000</u>	<u>165 000</u>

The grant was utilised to fund the PIMSS unit and assisted the municipalities with implementation of new legislation and the IDP review process. The conditions of the grant were met. No funds have been withheld.

#### 15.8 Housing grants

Balance unspent at beginning of year	( 866 702)	( 866 702)
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# **NOKENG TSA TAEMENE MUNICIPALITY**

Current year receipts	1 318 278	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	451 576	( 866 702)
	<u>451 576</u>	<u>( 866 702)</u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

### **15.8 Housing grants (Continued)**

The grant was used for the construction of housing. The conditions of the grant were met. There were no delay or withholding of the grant

### **15.9 Sport, Arts and Culture grant**

Balance unspent at beginning of year	456 992	456 992
Current year receipts	-	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>456 992</u>	<u>456 992</u>

The grant was used for the purchasing of sports equipment. The conditions of the grant were met. There were no delay or withholding of the grant

### **15.10 District grant**

Balance unspent at beginning of year	912 265	43 639
Current year receipts	-	868 626
Conditions met - transferred to income	( 272 591)	-
Conditions still to be met - transferred to liabilities	<u>639 674</u>	<u>912 265</u>

The grant was used for various projects within the municipality. The conditions of the grant were met. There were no delay or withholding of the grant

### **15.11 Local Government grant**

Balance unspent at beginning of year	1 356 293	-
Current year receipts	145 864	1 356 293
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>1 502 157</u>	<u>1 356 293</u>

The grant will be utilised for various projects within the municipality. The conditions of the grant were met. There were no delay or withholding of the grant

### **15.12 Municipal Infrastructure grant**

Balance unspent at beginning of year	3 188 354	-
Current year receipts	5 880 724	3 188 354
Conditions met - transferred to income	(6 724 000)	-
Conditions still to be met - transferred to liabilities	<u>2 345 078</u>	<u>3 188 354</u>

The grant will be utilised for infrastructure projects. The conditions of the grant were met. There were no delay or withholding of the grant

### **5.13 Other Grants**

Balance unspent at beginning of year	-	-
Current year receipts	283 871	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>283 871</u>	<u>-</u>

# NOKENG TSA TAEMENE MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 16 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and wages	19 132 999	15 282 276
Employee related costs - Contributions for UIF, pensions and medical aids	5 503 851	4 513 359
Travel and other allowances	2 901 289	1 917 392
Housing benefits and allowances	150 000	138 378
Overtime allowances	2 110 172	1 430 106
Performance bonus	1 646 910	1 666 725
Less: Employee costs included in other expenses	-	-
<b>Total Employee Related Costs</b>	<b>31 445 221</b>	<b>24 948 236</b>

There were no advances to employees.

#### Remuneration of the Municipal Manager

Annual Remuneration	333 582	574 520
Performance bonus	-	114 904
Travel allowance	135 453	-
Council contributions	77 617	-
<b>Total</b>	<b>546 652</b>	<b>689 424</b>

#### Remuneration of the Chief Financial Officer

Annual Remuneration	279 884	477 000
Performance bonus	-	47 700
Travel allowance	191 325	-
Council contributions	81 073	-
<b>Total</b>	<b>552 282</b>	<b>524 700</b>

#### Remuneration of Individual Managers 30 June 2007

	Community Services	Sustainable Human Settlements	Corporate Services
Annual Remuneration	280 907	302 952	295 576
Performance bonus	-	-	-
Travel allowance	235 875	125 586	132 806
Council contributions	6 815	1 077	94 625
<b>Total</b>	<b>523 597</b>	<b>429 615</b>	<b>523 007</b>

#### Remuneration of Individual Managers 30 June 2006

	Social Services	Sustainable Human Settlements	Corporate Services
Annual Remuneration	424 000	-	424 000
Performance bonus	42 400	-	42 400
Travel allowance	-	-	-
Council contributions	-	-	-
<b>Total</b>	<b>466 400</b>	<b>-</b>	<b>466 400</b>

# NOKENG TSA TAEMENE MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 17 REMUNERATION OF COUNCILLORS

Speaker	238 730	-
Executive Mayor	378 360	176 442
Mayoral Committee members	466 356	202 772
Councillors	776 264	325 309
Council's contributions	213 178	517 436
<b>Total Councillors Remuneration</b>	<b>2 072 888</b>	<b>1 221 959</b>

#### In kind benefits

The Mayor is a full time councillor. The Mayor is provided with an office and secretarial support at the cost of the Council.  
The Executive Mayor has use of a Council owned vehicle for official duties.

### 18 INTEREST PAID

Long-term liabilities	902 537	386 346
Bank overdraft	-	-
<b>Total Interest on External Borrowings</b>	<b>902 537</b>	<b>386 346</b>

### 19 BULK PURCHASES

Electricity	6 498 468	3 675 167
Water	7 047 819	5 344 454
<b>Total Bulk Purchases</b>	<b>13 546 287</b>	<b>9 019 621</b>

### 20 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:-

#### 20.1 Statutory Funds

##### Balance previously reported:-

Capital Development Fund	4 314 533
Land Trust & Endowment Fund	1 248 809
Reserves	1 735 212
Loans redeemed and other capital receipts	28 536 407
<b>Total</b>	<b>35 834 961</b>

##### Implementation of GAMAP

Transferred to Accumulated Surplus (see 20.6 below)	19 920 111
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# **NOKENG TSA TAEMENE MUNICIPALITY**

Transferred to Donations and Public Contribution Reserve

15 914 850

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**35 834 961**

### **20.3 Property, plant and equipment**

**Balance previously reported:-**

**Implementation of GAMAP**

Value of property, plant and equipment

37 268 729

Fair value adjustments credited to Accumulated Surplus

33 527 584

**Total**

**70 796 313**

### **20.4 Accumulated Depreciation**

**Balance previously reported:-**

**Implementation of GAMAP**

Backlog depreciation: Other

96 404

Total (debited to Accumulated Surplus)(see below)

**96 404**

### **20.5 Current provisions**

**Balance previously reported:-**

**Implementation of GAMAP**

Transferred from Accumulated Surplus

Provision for bad debts

(26 000 000)

Leave provision

(1 117 217)

**(27 117 217)**

### **20.6 Accumulated Surplus**

**Implementation of GAMAP**

Transferred from Statutory funds

19 920 111

Fair value of property, plant and equipment

33 572 584

Backlog depreciation

( 96 404)

Current provisions

(27 117 217)

Leave provision

Other adjustments - Loan debtors

(2 589 229)

- Project expenditure

( 258 453)

**23 431 392**

## **22 CASH GENERATED FROM OPERATIONS**

Net surplus/(deficit) for the year

33 303 522

10 512 631

Adjustment for: -

Depreciation

3 678 754

737 548

Investment Income

( 686 264)

( 795 024)

Interest paid

902 537

386 346

GAMAP/GRAP Conversion

-

3 588 637

Non- cash Adjustments

2 223 800

-

**Operating (deficit)/surplus before working capital changes**

**39 422 349**

**14 430 138**

Decrease/(Increase) in Debtors

(23 017 233)

19 398 518

Decrease in Other Debtors

605 909

2 894 004

(Decrease)/Increase in VAT

(Decrease)/Increase in Unspent Conditional Grants and Receipts

(3 805 554)

-

(Decrease)/Increase in Creditors

( 150 193)

(2 267 880)

(Decrease)/Increase in Consumer Deposits

245 449

501 787

(Decrease)/Increase in Provisions

858 510

1 368 724

# **NOKENG TSA TAEMENE MUNICIPALITY**

Decrease in investment deposits

7 479 681

1 500 000

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**  
**Cash generated by/(utilised in) operations**

21 638 918

37 825 291

## **23 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:

Bank balance

2 141 342

2 480 417

Petty cash

7 870

4 078

2 149 212

2 484 495

## **24 UTILISATION OF INTEREST BEARING BORROWINGS RECONCILIATION**

Interest bearing borrowings (see note 2)

5 938 249

7 186 843

Used to finance property, plant and equipment - at cost

( 5 938 249 )

( 7 186 843 )

Sub total

-

-

Cash set aside for the repayment of long term liabilities

-

-

**Cash invested for repayment of long-term liabilities (see note )**

-

-

Long term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure long-term liabilities can be repaid on redemption date.

## **25 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**

### **25.1 Contributions to organised local government**

Opening Balance

-

-

Council subscriptions

95 443

102 647

Amount Paid - current year

( 95 443 )

( 102 647 )

**Balance unpaid (included in creditors)**

0.42

-

### **25.2 Audit fees**

Opening balance

-

-

Current year audit fees

1 016 085

Amount paid - current year

(1 016 085)

**Balance unpaid (included in creditors)**

-

-

### **25.3 VAT**



## NOKENG TSA TAEMENE MUNICIPALITY

VAT input receivables and VAT output receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

#### 25.4 PAYE and UIF

Opening Balance		-
Current year payroll deductions		3 125 121
Amount Paid - Current year		(3 125 121)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>

#### 25.5 Pension and Medical Aid deductions

Opening Balance		-
Current year payroll deductions		4 237 588
Amount Paid - Current year		(4 237 588)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>

#### 26 CONTINGENT LIABILITIES

Case 37137/05 Dinokeng Property owners assoc. the legality of the assessment rates charged is contested, council is defending the case.

#### 27 COMPARISON WITH BUDGET

The comparison of the Municipality's actual performance with that budgeted is set out in Annexure E(1) and E(2).

**NOKENG TSA TAEMANE MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**7 PROPERTY, PLANT & EQUIPMENT**

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Intangible	Community	Other	Total
	R	R	R		R	R
Carrying values at 1 July 2006	14 126 916					69 962 725
Cost	14 127 421	43 202 430	-	7 048 636	6 417 827	70 796 314
Accumulated Depreciation	( 505)	( 88 247)	-	( 584)	( 744 253)	( 833 589)
Acquisitions	8 571 586	2 141 152	188 527	-	4 156 673	15 057 938
Capital under Construction	-	4 780 831	-	-	-	4 780 831
Depreciation	( 173 511)	(1 841 987)	-	( 234 955)	(1 428 302)	(3 678 755)
Carrying values at 30 June 2007	22 524 991					86 122 739
Cost	22 699 007	50 124 413	188 527	7 048 636	10 574 500	90 635 083
Accumulated Depreciation	( 174 016)	(1 930 234)	-	( 235 539)	(2 172 555)	(4 512 344)
Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community		Other	Total
Carrying values at 30 June 2006	14 126 916	43 114 183	-	7 048 052	5 673 574	69 962 725
Cost	14 127 421	43 202 430	-	7 048 636	6 417 827	70 796 314
Accumulated Depreciation	( 505)	( 88 247)	-	( 584)	( 744 253)	( 833 589)

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of been constructed.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether infrastructure and community assets are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.

**NOKENG TSA TAEMANE MUNICIPALITY**

**APPENDIX A  
SCHEDULE OF EXTERNAL LOANS**

EXTERNAL LOANS	Interest rates	Loan Number	Redeemable	Balance at 2006/06/30	Correction previous year balance	Received during the period	Redeemed written off during the period	Balance at 2007/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
<b>ANNUITY LOANS</b>										
DBSA	16.55%	1944	Dec 2012	31 449	-	-	5 186	26 263	1 756 810	
DBSA	5%	GP102103	March 2014	727 738	-	1 456 709	78 661	2 105 786		
DBSA	13.75%	1805	June 2007	18 676	-	-	5 419	13 257		
DBSA	13.75%	1859+960	June 2009	133 334	( 418)	-	16 393	116 523		
DBSA	16.55%	1914	Dec 2006	17 929	-	-	11 475	6 454		
DBSA	13.50%	L-001/RO	Sep-12	1 954 256	-	-	133 975	1 820 281		
DBSA	16.55%	1844	June 2010	61 432	-	-	10 131	51 301		
<b>Eskom agreement</b>	15.50%		Oct 2006	3 796 666	-	-	3 796 666	-		
<b>OTHER LOANS</b>										
ABSA	13.00%	65616969	Oct 2007	169 392	100	-	124 534	44 958	103 647	
ABSA	11.00%	66610204	Jan 2008	37 106	( 2 846)	-	20 872	13 388	42 539	
ABSA	13.00%	67164224	May 2010	82 294	-	-	17 525	64 769	151 926	
ABSA	13.00%	65666729	Oct 2009	70 364	14	-	18 234	52 144	44 716	
ABSA	13.00%	65648860	Oct 2008	41 471	697	-	16 633	25 535	29 906	
ABSA	13.00%	65648780	Oct 2008	44 736	( 668)	-	17 383	26 685	31 706	
ABSA	13.00%	72622478	May 2011	-	-	162 556	15 755	146 801	142 782	
ABSA	13.00%	72622524	May 2011	-	-	162 556	15 755	146 801	142 782	
ABSA	13.00%	72622494	May 2011	-	-	162 556	15 755	146 801	142 782	
ABSA	13.00%	72622508	May 2011	-	-	162 556	15 755	146 801	142 782	
ABSA	13.00%	72622516	May 2011	-	-	162 556	15 755	146 801	142 782	
ABSA	13.00%	72622532	May 2011	-	-	121 800	24 792	97 008	106 984	
ABSA	13.00%	72622486	May 2011	-	-	162 556	15 755	146 801	142 782	
ABSA	13.00%	72390640	Aug 2011	-	-	366 880	36 971	329 909	305 968	
ABSA	11.50%	71834455	Aug 2011	-	-	289 982	26 802	263 180	237 388	
<b>TOTAL EXTERNAL LOANS</b>				<b>7 186 843</b>	<b>( 3 121)</b>	<b>3 210 706</b>	<b>4 456 179</b>	<b>5 938 249</b>	<b>3 668 280</b>	<b>0</b>

# MUNICIPALITY

## APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer	Disposals	Closing Balance	
<b>Land and Buildings</b>	14 127 421	8 571 586	-	-	-	22 699 007	505	173 511	-	-	174 016	22 524 991
<b>Infrastructure</b>	43 202 430	2 141 152	-	4 780 831	-	50 124 413	88 247	1 841 987	-	-	1 930 234	48 194 179
<b>Community Assets</b>	7 048 636	-	-	-	-	7 048 636	584	234 955	-	-	235 539	6 813 097
<b>Other Assets</b>												
Motor Vehicles	3 172 111	3 210 706	-	-	-	6 382 817	410 503	743 074	-	-	1 153 577	5 229 240
IT Equipment	1 159 759	448 220	-	-	-	1 607 979	104 204	284 515	-	-	388 719	1 219 260
Furniture and Fittings	1 219 788	269 103	-	-	-	1 488 891	126 777	209 811	-	-	336 588	1 152 303
Machinery	233 342	30 672	-	-	-	264 014	17 543	50 100	-	-	67 643	196 371
Office Equipment	387 228	197 973	-	-	-	585 201	60 797	91 683	-	-	152 480	432 721
Sports Equipment	245 600	-	-	-	-	245 600	24 430	49 120	-	-	73 550	172 050
	<b>6 417 828</b>	<b>4 156 674</b>	-	-	-	<b>10 574 502</b>	<b>744 254</b>	<b>1 428 303</b>	-	-	<b>2 172 557</b>	<b>8 401 945</b>
<b>Intangible Assets</b>												
Servitudes	-	188 527	-	-	-	188 527	-	-	-	-	-	188 527
	-	188 527	-	-	-	188 527	-	-	-	-	-	188 527
<b>TOTAL</b>	<b>70 796 315</b>	<b>15 057 939</b>	-	<b>4 780 831</b>	-	<b>90 635 085</b>	<b>833 590</b>	<b>3 678 756</b>	-	-	<b>4 512 346</b>	<b>86 122 739</b>

# MUNICIPALITY

## APPENDIX C SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

						Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Financial	1 069 106	178 445			1 247 551	91 474	219 059		310 533	937 018
Municipal Manager	110 420	8 617 491			8 727 911	13 915	23 171		37 086	8 690 825
Executive Mayor's Office	22 100	600 133			622 233	1 722	97 398		99 120	523 113
Cemetery	1 465 136	-	-	-	1 465 136	584	48 838	-	49 422	1 415 714
Library	827 712	140 455	-	-	968 167	24 934	62 063		86 997	881 170
Firebrigade	1 214 139	30 672	-	-	1 359 811	64 692	94 913		159 605	1 200 207
Clinic	1 115 793	-	-	-	1 115 793	10 234	47 997		58 232	1 057 561
Housing	46 549	-	-	-	46 549	5 247	7 867		13 114	33 435
Licence	239 304	5 821	-	-	245 125	28 120	39 496		67 616	177 509
Municipal Building	8 682 432	376 352			9 058 784	1 913	156 541		158 454	8 900 330
Roads and Storm Water	4 353 010	1 472 867	4 157 532	-	5 845 878	142 470	291 327		433 797	5 412 081
Town Planning	161 342	15 084	-	-	176 426	30 014	31 428		61 441	114 985
General expenditure	289 626	187 775	-	-	477 401	43 620	79 166		122 786	354 616
Refuse Dept	269 133	-	-	-	269 133	1 149	18 823		19 972	249 161
Speaker's Office	31 701	289 982	-	-	321 683	4 163	57 437		61 600	260 083
Sewerage Dept	11 487 519	641 562	623 299	-	12 129 081	1 358	577 980		579 338	11 549 743
Parks and Recreation	322 086	-	-	-	322 086	29 388	56 740		86 128	235 958
Support Services	153 599	162 556	-	-	316 155	16 012	46 254		62 267	253 889
Traffic Dept	5 665 393	934 579	-	-	6 704 972	58 642	183 313		241 955	6 463 017
Electricity	16 289 401	162 986	-	-	16 452 387	129 358	605 648		735 006	15 717 381
Water	12 648 550	1 232 932	-	-	13 881 482	95 854	728 777		824 631	13 056 851
SRLAC	4 295 920	8 249	-	-	4 304 169	34 289	197 879		232 168	4 072 000
Project Management Unit	36 341	-	-	-	36 341	4 438	6 641		11 079	25 262
<b>TOTAL</b>	<b>70 796 315</b>	<b>15 057 939</b>	<b>4 780 831</b>	<b>-</b>	<b>90 635 085</b>	<b>833 590</b>	<b>3 678 755</b>	<b>-</b>	<b>4 512 346</b>	<b>86 122 739</b>

**MUNICIPALITY**

**APPENDIX D  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2007**

2006 Actual Income	2006 Actual Expenditure	2006 (Surplus)/ Deficit		2007 Actual Income	2007 Actual Expenditure	2007 (Surplus)/ Deficit
R	R	R		R	R	R
<b>46 022 737</b>	<b>44 469 104</b>	<b>1 553 633</b>	<b>RATE AND GENERAL SERVICES</b>	<b>57 895 277</b>	<b>47 473 642</b>	<b>10 421 635</b>
<b>37 354 145</b>	<b>30 765 741</b>	<b>6 588 404</b>	<b>Community services</b>	<b>45 811 294</b>	<b>30 242 263</b>	<b>15 569 031</b>
16 769 897	7 127 000	9 642 897	Assesment rates	22 460 628	2 017 700	20 442 928
54 322	719 495	(665 174)	Cemetery	48 055	736 445	( 688 390)
32 677	1 111 510	(1078 834)	Library	31 578	1 416 297	(1 384 719)
-	-	-	SRLAC	-	916 288	( 916 288)
-	-	-	PMU	-	7 440	( 7 440)
210 788	210 788	-	Municipal buildings	225 794	379 064	( 153 270)
-	-	-	Corporate Services	-	147 137	( 147 137)
627 594	1 911 990	(1284 396)	Building control & T/Plan	818 082	3 033 730	(2 215 648)
6 558 043	6 558 043	-	Council general Expenditure	512	6 836 959	(6 836 447)
-	1 662 753	(1662 753)	Parks / Recreation	-	1 835 883	( 1 835 883)
3	3	-	Town clerk / Secretary	8 732 300	680 217	8 052 083
334 685	334 685	-	Town Treasurer	5 402 464	1 012 812	4 389 652
-	-	-	Political Office	-	100 592	( 100 592)
12 766 137	11 129 473	1 636 664	Traffic	8 091 881	11 121 699	(3 029 818)
<b>634 548</b>	<b>8 620 218</b>	<b>(7 985 670)</b>	<b>Subsidised services</b>	<b>1 670 931</b>	<b>10 131 048</b>	<b>(8 460 117)</b>
-	4 086 875	(4 086 875)	Fire Fighting	-	5 671 640	(5 671 640)
634 548	1 709 893	(1 075 345)	Public Health & Clinic	1 234 131	1 642 945	( 408 814)
-	2 823 450	(2 823 450)	Roads & Stormwater	436 800	2 816 463	(2 379 663)
<b>8 034 044</b>	<b>5 083 145</b>	<b>2 950 899</b>	<b>Economic service</b>	<b>10 413 052</b>	<b>7 100 331</b>	<b>3 312 721</b>
3 623 462	2 651 940	971 522	Sewerage	6 684 685	4 065 476	2 619 209
4 410 582	2 431 206	1 979 377	Licensing	3 728 367	3 034 855	693 512
-	-	-		-	-	-
<b>35 286 755</b>	<b>28 797 553</b>	<b>6 489 202</b>	<b>HOUSING SERVICE</b>	-	<b>611 749</b>	<b>( 611 749)</b>
14 705 030	11 852 111	2 852 919	<b>TRADING SERVICE</b>	<b>57 217 160</b>	<b>33 723 524</b>	<b>23 493 636</b>
5 161 486	4 690 151	471 335	Electricity	18 358 768	13 028 919	5 329 849
15 420 239	12 255 292	3 164 947	Refuse	6 435 436	5 650 134	785 302
			Water	32 422 956	15 044 471	17 378 485
<b>81 309 492</b>	<b>73 266 658</b>	<b>8 042 835</b>	<b>TOTAL</b>	<b>115 112 437</b>	<b>81 808 915</b>	<b>33 303 522</b>
-	-	-	Less Inter-Department Charges	-	-	-
<b>81 309 492</b>	<b>73 266 658</b>	<b>8 042 835</b>	<b>TOTAL</b>	<b>115 112 437</b>	<b>81 808 915</b>	<b>33 303 522</b>

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# MUNICIPALITY

## APPENDIX E(1) ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>Explanation of Significant Variances</u>
<b>REVENUE</b>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Variance</u>	<u>greater than 10% versus Budget</u>
	R	R	R	%	
Property rates	20 559 983	20 886 400	( 326 417)	-1.56	
Property rates - penalties imposed and collection charges	1 900 644	2 864 300	( 963 656)	-33.64	Over budgeted
Service charges	41 643 570	32 664 000	8 979 570	27.49	Possible growth in consumer base
Rental of facilities and equipment	225 794	253 700	( 27 906)	-11.00	
Interest earned - external investments	686 264	19 800	666 464	3365.98	Under budgeted
Interest earned - outstanding debtors	6 249 590	3 623 000	2 626 590	72.50	Due to growth in outstanding debtors
Fines	8 091 881	7 660 500	431 381	0.00	
Licences and permits	3 722 074	4 545 200	( 823 126)	-18.11	Possible growth in consumer base
Government grants and subsidies	13 769 963	13 646 750	123 213	0.90	
Other income	18 262 674	1 285 500	16 977 174	0.00	
<b>Total Revenue</b>	<u><b>115 112 437</b></u>	<u><b>87 449 150</b></u>	<u><b>27 663 287</b></u>		
		-			
<b>EXPENDITURE</b>					
Employee related costs	31 445 221	32 740 860	(1 295 639)	-3.96	
Remuneration of councillors	2 072 888	1 609 800	463 088	28.77	Increase in Councillor remuneration
Depreciation	3 678 754	-	3 678 754	100.00	GAMAP/GRAP Conversion
Repairs & Maintenance	3 690 716	5 938 300	(2 247 584)	-37.85	Tight budget control due to cashflow problems
Interest paid	902 537	1 667 600	( 765 063)	-45.88	To to external loans taken up during the year
Bulk purchases	13 546 287	11 127 800	2 418 487	21.73	Due to increase in tariffs of service providers
General expenses	26 472 512	35 631 528	(9 159 016)	-25.70	Tight budget control due to cashflow problems
<b>Total Expenditure</b>	<u><b>81 808 915</b></u>	<u><b>88 715 888</b></u>	<u><b>(6 906 973)</b></u>		
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<u><b>33 303 522</b></u>	<u><b>(1 266 738)</b></u>	<u><b>34 570 260</b></u>		



# MUNICIPALITY

## APPENDIX E(2)

### ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

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	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Under</u> <u>Construction</u>	<u>2007</u> <u>Revaluation</u>	<u>2007</u> <u>Total</u> <u>Additions</u>	<u>2007</u> <u>Budget</u>	<u>2007</u> <u>Variance</u>	<u>2007</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R		R	R	R	%	
Land and Buildings	8 571 586	-	-	8 571 586	500 000	8 071 586	1614.32	Grand funded purchase of land
Infrastructure	2 141 152	4 780 831	-	6 921 983	19 718 000	(12 796 017)	-64.90	Lack of funding
Community Assets	-	-	-	-	-	-	0.00	
Other Assets	4 156 674	-	-	4 156 674	9 233 000	(5 076 326)		
Motor Vehicles	3 210 706	-	-	3 210 706	3 830 000	( 619 294)	-16.17	Could not afford to take up another loan
IT Equipment	448 220	-	-	448 220	3 600 000	(3 151 780)	-87.55	Lack of sufficient funds
Furniture and Fittings	269 103	-	-	269 103	-	269 103	16.23	Lack of sufficient funds
Machinery	30 672	-	-	30 672	145 000	( 114 328)	(78.85)	Lack of sufficient funds
Office Equipment	197 973	-	-	197 973	1 658 000	(1 460 027)	(88.06)	Lack of sufficient funds
<b>TOTAL</b>	<b>19 026 086</b>	<b>4 780 831</b>	<b>-</b>	<b>23 806 917</b>	<b>38 684 000</b>	<b>(14 877 083)</b>		

## MUNICIPALITY

## APPENDIX F

**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2007**

## GRANT AND SUBSIDIES RECEIVED

Name of Grants	2019	2020	2021	2022	2023	2024
TOTAL	-	-	-	-	-	-